

To the Members of the California Senate:

I am signing Senate Bill 257, which will enhance the ability of the California Housing Finance Authority (CalHFA) to make loans and issue revenue bonds to finance affordable housing for the mentally and physically disabled. This measure also gives the California Housing Finance Authority the ability to better manage its bond financing and ensure a favorable bond issuer credit rating by exercising salary setting authority for key investment personnel.

I am signing this measure because it is essential for CalHFA to move forward in 2007 with efforts to finance special needs housing. However, in signing this bill, I instruct CalHFA to work closely with the Department of Personnel Administration to develop and implement an appropriate salary setting methodology that will improve CalHFA's ability to recruit and retain qualified investment professionals while maintaining salary levels comparable with other state and local housing finance entities. In addition, I would support legislation next year to limit salaries for top administrative personnel in the same way that salaries for other exempt employees are now limited.

Sincerely,

Arnold Schwarzenegger